

Exhibits 2-4

Documents Confirming Bankruptcy Sale of
Intellectual Property Assets to Dante
Pugliese

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JEFFREY B. GARDNER, Bar No. 115648
HYDEE J. MULICHAK, Bar No. 158779
JEANNIE W. LIM, Bar No. 201777
SAXON, BARRY, GARDNER & KINCANNON, A P.C.
4400 MacArthur Boulevard, Suite 700
Newport Beach, California 92660
Tel: (949) 851-9111 Fax: (949) 851-3935

Special Counsel for Steven M. Speier,
Chapter 7 Trustee

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CLERK U.S. BANKRUPTCY COURT
CALIFORNIA, S.D.

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re
PIXELON CORPORATION,
a California corporation,
Debtor.

CASE NO. SA00-13425-LR

Chapter 7

NOTICE OF MOTION TO CONFIRM SALE OF
INTELLECTUAL PROPERTY, OR IN THE
ALTERNATIVE, AUTHORITY TO SELL
INTELLECTUAL PROPERTY BY AUCTION
PURSUANT TO 11 U.S.C. §363(b)

Date: August 20, 2001
Time: 3:30 p.m.
Place: Courtroom 5D

PLEASE TAKE NOTICE that on August 20, 2001, at 3:30 p.m. in Courtroom 5D of the United States Bankruptcy Court, Central District of California, located at 411 W. 4th Street, Santa Ana, CA, before the Honorable Lynne Riddle, United States Bankruptcy Judge, Steven M. Speier, Chapter 7 Trustee of the above-mentioned Debtor, (hereinafter "Trustee"), will move and does hereby move this court for an order confirming the sale of the estate's right, title and interest in the intellectual property of the estate as is, where is, without warranties and representations, to Dante Pugliese for the sum of \$1,200 or in the alternative, authority to sell the estate's right, title and interest in the intellectual property as is, where is, without warranties and representations, by auction pursuant to 11 U.S.C. §363.

General Background Facts

This case was commenced by the filing of an involuntary Chapter 7 petition on April 24, 2000. Upon the Debtor's application and pursuant to Court order entered on July 10, 2000, the Debtor's bankruptcy case was converted to a case under Chapter 11. On or about December 13, 2000, Steven M. Speier was appointed as Chapter 11 Trustee.

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1 Upon the Trustee's motion and by Order entered March 6, 2001, the
2 Court granted the Trustee's motion to convert the Chapter 11 case to
3 one under Chapter 7. On or about March 8, 2001, the Trustee was
4 appointed as Chapter 7 Trustee.

5 On or about May 3, 2001, the Trustee filed a Motion for Authority
6 to: (1) Sell at Auction Property of the Debtor's Estate Pursuant to 11
7 U.S.C. §363(b); and (2) Employ and compensate Auctioneer (Pope's
8 Antiques & Auctions, Inc.); Memorandum of Points and Authorities; and
9 Declarations of Steven M. Speier, Jack Pope and Julie McComb in
10 Support Thereof ("Motion to Sell"). The Court approved the Motion to
11 Sell by entered order on May 22, 2001 and the auction was held on May
12 26, 2001.

13 The Motion to Sell, served upon all creditors, sought to sell the
14 estate's right, title and interest in equipment, intellectual
15 property and video library as is, where is, without representations or
16 warranties, at auction which were sold in two lots. . The assets were
17 sold in two lots with the personal property being auctioned in Lot 1
18 and the intellectual property being auctioned in Lot 2.

19 The intellectual property to be auctioned consisted of the
20 estate's right, title and interest in any and all intellectual
21 property, as is, where is, without warranty or representation and
22 included, but was not limited to, computers containing the estate's
23 interest in its intellectual property relating to media compression
24 and encoding, playback software, viewer response technology, enhanced
25 microsoft streaming technology, and individual advertising technology
26 ("Intellectual Property"). The Debtor's former principal, David Kim
27 Stanley aka Michael Adam Fenne, has asserted an interest in the
28 Intellectual Property.

1 The auction of the Intellectual Property was advertised with the
2 Orange County Register, Los Angeles Times and Press Register from
3 approximately May 17, 2001 - May 26, 2001. At no time did the
4 auctioneer or any of the advertisements indicate that this auction
5 would be "without reserve".

6 Mr. Pope conducted the auction of the Debtor's assets as
7 specified in the Motion to Sell on May 26, 2001 at Pixelon
8 Corporation's former facilities located at 31732 Rancho Viejo Road,
9 Suite D., San Juan Capistrano, California.

10 The Trustee set a minimum bid for the purchase of the
11 intellectual property at \$5,000 which was announced at the auction to
12 all bidders. However, at the auction, the only bid received was from
13 William Kelly in the sum of \$200.00 which was immediately rejected by
14 the auctioneer. Mr. Pope proceeded to ask Mr. Kelly if he would bid
15 over \$200 if the Trustee removed the minimum bid amount. Mr. Kelly
16 informed him that he would not bid over \$200.

17 During the auction, Mr. Pope was approached by Dick Giglio and
18 Dante Pugliese who expressed interest in purchasing the Intellectual
19 Property if the minimum bid was eliminated. As a result, the Trustee
20 was contacted the next business day on May 29, 2001 to see if he would

1 waive the minimum bid. The Trustee indicated that \$200.00 was
2 insufficient as the purchase price for the Intellectual Property but
3 requested that the auctioneer inquire if anyone would pay a higher
4 amount for the Intellectual Property.

5 After various discussions with Mr. Pugliese, Mr. Giglio and Mr.
6 Kelly, the Trustee obtained a high offer of \$1,200 to purchase the
7 Intellectual Property.

8 Mr. Kelly claims that he has purchased the Intellectual Property
9 at the auction for \$200, when Mr. Pope had clearly stated at the
10 auction that his bid had been rejected. The Trustee did not accept
11 this bid by Mr. Kelly.

12 From the offers of Mr. Pugliese and Mr. Giglio, the Trustee was
13 able to obtain the highest price for the Intellectual Property from
14 Dante Pugliese in the sum of \$1,200. Mr. Pugliese paid \$1,200 to the
15 Trustee and currently has possession of the Intellectual Property.

16 Confirmation of Sale of Intellectual Property to Dante Pugliese

17 Generally, it is in the Trustee's opinion that the sale of the
18 Intellectual Property to Dante Pugliese for \$1,200, the highest bid
19 received, is based upon good business judgment and in the best
20 interest of the estate and should be confirmed by the court. There
21 are competing interests in the Intellectual Property which the Trustee
22 cannot ascertain, the Trustee is only selling his right, title and
23 interest in the Intellectual Property, as is, where is, without
24 warranty and representation, the highest bid received at public
25 auction was \$200 which was rejected, and the funds will be brought
26 into the estate for the benefit of the creditors.

27 Auction of Intellectual Property as an Alternative

28 In the event the court does not confirm the sale of the
Intellectual Property to Dante Pugliese, the Trustee requests this
court to authorize sale of the Intellectual Property at another
auction pursuant to 11 U.S.C. §363(b).

The Trustee further requests that the Court set a date and time
for the auction of the Intellectual Property within two weeks of the
date of the hearing of this Motion to Confirm, or thereafter as is
convenient to the court, to be held in this courtroom 5D, conducted by
Trustee's counsel.

The property to be auctioned consists of the same Intellectual
Property which was attempted to be sold at the auction held on May 26,
2001 which is described herein as the Intellectual Property, which is
the estate's right, title and interest in any and all Intellectual
Property, as is, where is, without warranty or representation and
includes, but is not limited to, computers containing the estate's
interest in its Intellectual Property relating to media compression
and encoding, playback software, viewer response technology, enhanced
microsoft streaming technology, and individual advertising technology.
The Debtor's former principal, David Kim Stanley aka Michael Adam
Fenne, has asserted an interest in the Intellectual Property.

1 The minimum bid for the auction for the Intellectual Property
2 will be set at \$1,200, which is the last highest offer received by the
3 Trustee from Mr. Pugliese. These sums have been paid and deposited in
4 the Trustee's trust account. Thereafter, the sale of the Intellectual
5 Property is subject to overbid in increments of \$500.00. Anyone
6 wishing to bid, with the exception of Mr. Pugliese, must present
7 certified funds in the amount of \$1,700 payable to Steven M. Speier,
8 Chapter 7 Trustee at the auction. In the event the Intellectual
9 Property is sold for more than \$1,700, the party purchasing the
10 Intellectual Property must submit to Trustee's counsel, the remaining
11 amount owing to the Trustee in certified funds within twenty four (24)
12 hours of the completion of the auction. In the event that the sums
13 are not paid within the twenty-four (24) hour period, the next highest
14 bidder will be declared the successful bidder. In the event there are
15 no overbids received by the Trustee, Mr. Pugliese shall be deemed the
16 successful bidder and the Intellectual Property shall be sold to Mr.
17 Pugliese for \$1,200 as is, where is, without representations or
18 warranties. In the event Mr. Pugliese is not the successful bidder,
19 the sum deposited by Mr. Pugliese of \$1,200 will be returned to him by
20 the Trustee.

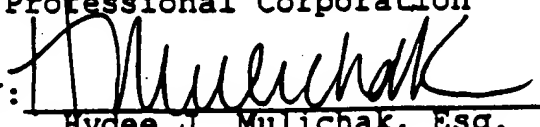
21 Should an auction date be scheduled by the court, the Trustee
22 intends to serve a notice of the auction date to the United States
23 Trustee, Debtor, counsel for the Creditor's Committee, Dante Pugliese,
24 Robert Johnson, counsel for William Kelly and Michael Fenne, William
25 Kelly, Dick Giglio, and anyone else showing requesting written notice
26 of their interest in purchasing the Intellectual Property at the
27 auction.

28 For further information please see the MOTION TO CONFIRM SALE OF
INTELLECTUAL PROPERTY, OR IN THE ALTERNATIVE, AUTHORITY TO SELL
INTELLECTUAL PROPERTY BY AUCTION PURSUANT TO 11 U.S.C. 363(b);
MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF STEVEN M. SPEIER
AND JACK POPE IN SUPPORT THEREOF on file with the Clerk of the above-
entitled Court which may be reviewed Monday through Friday from 9:00
a.m. to 4:00 p.m.

PLEASE TAKE FURTHER NOTICE that pursuant to Local Bankruptcy Rule
9013-1(1)(g), objections, if any, to this Motion to Confirm must be in
writing, filed and served upon the Movant not later than 14 days prior
to the hearing on the Motion. Failure to timely file and serve
objections may be deemed a waiver of the same.

Dated: July 26, 2001

SAXON, BARRY, GARDNER & KINCANNON
A Professional Corporation

BY: 
Hydee J. Mulichak, Esq.
Attorneys for Steven M. Speier,
Chapter 7 Trustee

PROOF OF SERVICE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action; my business address is 4400 MacArthur Boulevard, Suite 700, Newport Beach, California 92660.

On July 27, 2001, I served the foregoing document described as NOTICE OF MOTION TO CONFIRM SALE OF INTELLECTUAL PROPERTY, OR IN THE ALTERNATIVE, AUTHORITY TO SELL INTELLECTUAL PROPERTY BY AUCTION PURSUANT TO 11 U.S.C. §363(b) on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

SEE ATTACHED SERVICE LIST

/X/ [BY MAIL] I am readily familiar with the firm's business practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Newport Beach, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

/X/ [FEDERAL] I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on July 27, 2001, at Newport Beach, California.


Barbara J. Domingo

In re Pixelon
SA00-13425-LR

SERVICE LIST

Interested Party

William G. Kelley
462 Nyes Place
Laguna Beach, CA 92651

Interested Party

Dick Giglio
Sales/Purchasing
Quadrasource, Inc.
420 W. Sixth Street
Tustin, CA 92780-4373

Interested Party

Officer, Director, of Member of
the Board
Passport Productions, Inc.
10520 Magnolia Blvd.
North Hollywood, CA 91601

Interested Party

Robert Grey Johnson, Jr.
30131 Town Center Drive
Suite 147
Laguna Niguel, CA 92677

Interested Party

Dan Pugliese
c/o Passport Productions, Inc.
10520 Magnolia Blvd.
North Hollywood, CA 91601